

85<sup>th</sup> Legislative Session – 2010

Committee: House Taxation

Thursday, February 11, 2010

P - Present  
E - Excused  
A - Absent

Roll Call

P Cutler  
P Feickert  
P Gibson  
P Greenfield  
P Hunhoff (Bernie)  
P Juhnke  
P Kirkeby  
P Kirschman  
P Lange  
P Lederman  
P Russell  
P Solum  
P Thompson  
P Noem, Vice-Chair  
P Olson (Ryan), Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Chair Ryan Olson.

MOTION: TO APPROVE THE MINUTES OF TUESDAY, FEBRUARY 9, 2010.

Moved by: Solum  
Second by: Feickert  
Action: Prevailed by voice vote.

HB 1197: provide for the repeal of the railroad tax credits.

\*Prior testimony heard on Thursday, February 4, 2010.

Presented by: Representative Dennis Feickert  
Proponents: Michael Kenyon, Department of Revenue and Regulation  
Bob Wilcox, SD Association of County Commissioners  
Opponents: Tim Dougherty, BNSF Railway Company  
Herb Jones, DME

MOTION: AMEND HB 1197

1197fa

On the printed bill, delete everything after the enacting clause and insert:

" Section 1. That § 10-28-21.2 be amended to read as follows:

10-28-21.2. Any publicly operated railroad or railway corporation operating over rail lines owned by the publicly operated railroad or railway corporation located within this state may claim a credit against the tax levied on such rail lines for amounts that the railroad or railway corporation has certified as having been expended in the replacement, improvement, and repair of such rail lines. Only those expenses of a capital nature may be certified as an expense eligible for a credit pursuant to this section. The certification required by this section shall be on forms provided by the Department of Revenue and Regulation. The labor and material expenses certified pursuant to this section shall be itemized separately by rail line and mile post locations. The credit provided in this section shall be applied proportionally across the railroad's entire mainline within this state. The credit shall be applied to tax liability over a three-year period in an amount equal to thirty-three and one-third percent the first year following certification; thirty-three and one-third percent of such an amount shall carry forward into the second year following certification; and thirty-three and one-third percent shall carry forward into the third year following certification. Each year's carryover shall be accumulated as a tax credit with other years' annual tax credits. No credit may be given for ~~the~~:

- (1) The repair or replacement of railway line necessitated by washout, fire, or train derailment. ~~No credit may be given for that;~~
- (2) That portion of a project that is funded with state or federal grant funds or paid for by any third party. ~~If any rail line goes over ten million gross ton miles of revenue freight per mile annually in a calendar year, the rail line may not receive a credit pursuant to this section in the following calendar year; or~~
- (3) Any expenses of a capital nature that are made on a segment of the rail line that exceeds ten million gross ton miles of revenue freight in the previous calendar year."

Moved by: Gibson  
Second by: Feickert  
Action: Prevailed by voice vote.

MOTION: DO PASS HB 1197 AS AMENDED

Moved by: Gibson  
Second by: Juhnke  
Action: Prevailed by roll call vote. (9-5-1-0)

Voting Yes: Feickert, Gibson, Hunhoff (Bernie), Juhnke, Kirkeby, Kirschman, Lange, Solum, Thompson

Voting No: Greenfield, Lederman, Russell, Noem, Olson (Ryan)

Excused: Cutler

MOTION: AMEND TITLE OF HB 1197

1197fta

On page 1, line 1, of the printed bill, delete "provide for the repeal of the" and insert "revise certain provisions concerning".

Moved by: Greenfield  
Second by: Gibson  
Action: Prevailed by voice vote.

HB 1041: repeal the discount on the sales of cigarette tax stamps to distributors.

\*Prior testimony heard on Tuesday, February 9, 2010.

Opponents: Ted Stessman, Self, Omaha  
Jim Maxon, Self, Chamberlain  
Bruce Pieper, Self, Yankton  
Tim Wehrkamp, Self, Sioux Falls  
Jim Hanson, Self, Aberdeen  
Bill Wehrkamp, Self, Sioux Falls

THE CHAIR DEFERRED HB 1041 UNTIL ANOTHER DAY.

HB 1209: revise certain property tax limitations.

Presented by: Representative H. Paul Dennert

Proponents: Bob Wilcox, SD Association of County Commissioners  
Mike Wiese, Brown County Commissioners

Opponents: Mike Kenyon, Department of Revenue & Regulation (Handouts: #1)

MOTION: DEFER HB 1209 TO THE 41<sup>ST</sup> LEGISLATIVE DAY

Moved by: Noem

Second by: Lederman

Action: Prevailed by roll call vote. (9-3-3-0)

Voting Yes: Greenfield, Hunhoff (Bernie), Juhnke, Kirkeby, Kirschman, Lederman, Solum, Noem, Olson (Ryan)

Voting No: Feickert, Lange, Thompson

Excused: Cutler, Gibson, Russell

HJR 1002: Proposing and submitting to the electors at the next general election a new section to Article XI of the Constitution of the State of South Dakota, relating to the imposition of a corporate income tax.

Presented by: Representative Gerald Lange

Opponents: David Owen, SD Chamber of Commerce & Industry

MOTION: TO TABLE HJR 1002

Moved by: Greenfield

Second by: Noem

Action: Failed by roll call vote. (7-6-2-0)

Voting Yes: Cutler, Greenfield, Juhnke, Kirkeby, Solum, Noem, Olson (Ryan)

Voting No: Feickert, Gibson, Hunhoff (Bernie), Kirschman, Lange, Thompson

Excused: Lederman, Russell

HB 1179: revise certain provisions concerning the period within which tax deeds may be procured.

Presented by: Representative Kristin Conzet  
Proponents: Eric Erickson, SD Association of County Officials

MOTION: DO PASS HB 1179

Moved by: Lederman  
Second by: Kirkeby  
Action: Prevailed by roll call vote. (9-6-0-0)

Voting Yes: Cutler, Greenfield, Juhnke, Kirkeby, Lederman, Russell, Solum, Noem, Olson (Ryan)

Voting No: Feickert, Gibson, Hunhoff (Bernie), Kirschman, Lange, Thompson

HJR 1002: Proposing and submitting to the electors at the next general election a new section to Article XI of the Constitution of the State of South Dakota, relating to the imposition of a corporate income tax.

MOTION: DEFER HJR 1002 TO THE 41<sup>ST</sup> LEGISLATIVE DAY

Moved by: Juhnke  
Second by: Noem  
Action: Prevailed by roll call vote. (9-6-0-0)

Voting Yes: Cutler, Greenfield, Juhnke, Kirkeby, Lederman, Russell, Solum, Noem, Olson (Ryan)

Voting No: Feickert, Gibson, Hunhoff (Bernie), Kirschman, Lange, Thompson

THE CHAIR DEFERRED HJR 1006 UNTIL TUESDAY, FEBRUARY 16, 2010.

MOTION: ADJOURN

Moved by: Juhnke  
Second by: Feickert  
Action: Prevailed by voice vote.

Linda Daugaard  
Committee Secretary

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Ryan P. Olson, Chair